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QUEBEC MANITOU MINES LIMITED

NO PERSONAL LIABILITY

Annual Report 1968

(No Personal Liability)

May 27, 1969

Quebec Manitou Mines Limited

REPORT TO THE SHAREHOLDERS

Your Directors submit herewith the financial statement of your Company for the year ending Dec. 31, 1968, with the Auditors' Report thereon.

The Company's activities since our last report include work in three locations. On our main Bourlamaque property approximately 15,000 feet of diamond drilling was done in two areas. In each case copper values were encountered but without disclosing anything which would allow us to add to ore reserves previously reported.

The Clericy Township property optioned from J. L. Viau was mapped geologically in considerable detail, and the property prospected and sampled in search of an orebody. A Turam electromagnetic survey was performed which indicated one small anomaly and it is proposed that this area be resurveyed with the Turam method on lines in the opposite direction and spaced more closely. One of the options given by Mr. Viau has been extended for three months to Aug. 15, 1969, in order to allow time for this work.

Late in 1968 we staked a block of claims and added four more by purchase in the central part of Egan Township, Quebec. We now hold ninety-five claims under prospecting license in an area where radio-activity has been found. A Radiometric survey was carried out over this property late last fall and samples with uranium and thorium were obtained. Further checking with a geiger counter and perhaps some stripping and shallow earth trenching will be undertaken here as early as possible.

On behalf of the Board,

J. I. CUMMINGS,
President.

Ottawa, Ontario,
May 1, 1969.

Quebec Manito

Balance Sheet as

ASSETS

CURRENT ASSETS:

Cash in banks		\$	9,140.97
Investments:			
Canada Permanent Trust Company —			
Debentures due July 1, 1969	\$327,000.00		
Manitou-Barvue Mines, Limited 423,852			
common shares, par value \$1.00 (Market			
value December 31, 1968 \$635,778.00)			
at cost	200,657.45		
Lyman Copper Corporation 1,666 shares,			
par value \$1.00, book value	1.00	527,658.45	
		<u>536,799.42</u>	

FIXED ASSETS:

Furniture and fixtures — at cost \$1,167.83			
Less: Accumulated depreciation 258.01	909.82		
Twenty-four mining claims in Township of			
Bourlamaque, Quebec, book value (Note 1)	213,804.12		
Seventeen and one-half per cent interest in			
fifty-five claims in Langmuir Township,			
Porcupine District, Ontario (Note 2)	24,464.33		
Thirteen claims in Township of Clericy,			
Quebec, held under option (Note 3)	4,000.00	243,178.27	

DEVELOPMENT AND EXPLORATION EXPENSES — per Statement 3

Staking costs — Maniwaki Property (Note 4)	460,462.81		
	5,031.80		
	<u>\$ 1,245,472.30</u>		

The accompanying notes are an integral part of this Balance Sheet and should be read in conjunction therewith.

Approved on behalf of

J. I. CUMI

J. E. COPI

AUDIT

To the Shareholders,
Quebec Manito Mines, Limited,
Ottawa, Ontario.

We have examined the balance sheet of Quebec Manito Mines, Limited, and surplus for the year ended on that date. Our examination included all records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of financial position of the Company as at December 31, 1968 and the results of its operations for the year ended on that date are in accordance with the accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of sources and application of funds for the year ended on that date, and we are of the opinion that the aforementioned financial statements, presents fairly the sources and application of funds for the year ended on that date.

OTTAWA, Ontario,
January 17, 1969.

Mines Limited

STATEMENT 1

December 31, 1968

LIABILITIES AND SHAREHOLDERS' INTEREST

CURRENT:

Accrued expenses	\$	5,789.89	
Unclaimed dividends		<u>640.69</u>	\$ 6,430.58

SHAREHOLDERS' INTEREST:

CAPITAL STOCK:

Authorized:

5,000,000 shares, par value \$1.00 .. \$ 5,000,000.00

Issued and Fully Paid Up:

Issued for cash:

2,556,700 shares . \$ 2,556,700.00
Less discount ... 1,911,099.25 645,600.75

Issued for assets:

1,396,300 shares . 1,396,300.00
Less discount ... 1,221,762.50 174,537.50

Issued for services:

13,000 shares ... 13,000.00
Less discount ... 10,300.00 2,700.00

TOTAL SHARES ISSUED:

3,966,000 822,838.25

EARNED SURPLUS:

Balance — December 31, 1968 — per
Statement 2 47,544.00

SURPLUS ARISING FROM CAPITAL GAINS:

Balance — December 31, 1968 — per
Statement 2 368,659.47 1,239,041.72
\$ 1,245,472.30

Board of Directors

, Director.

, Director.

REPORT

as at December 31, 1968 and the statements of development and exploration
l review of the accounting procedures and such tests of the accounting
stances.

ment and exploration and surplus present fairly the financial position of the
ear ended on that date, in accordance with generally accepted accounting

l application of funds which, in our opinion, when considered in relation to
ons of funds of the Company for the year ended December 31, 1968.

JOHN CROSS & PARTNERS,

Chartered Accountants.

Quebec Manitou Mines Limited

NOTES TO BALANCE SHEET

As at December 31, 1968

1. The twenty-four mining claims in Bourlamaque Township, Quebec are held under development licenses. This property, originally consisting of 61 claims, was acquired from Manitou Mines (Quebec) Limited at the total value of advances previously made to that Company. Later, 37 of the claims were sold to Golden Manitou Mines, Limited, now Manitou-Barvue Mines, Limited for 1,500,000 shares of that Company's capital stock, valued at two cents per share, \$30,000.00. Development expense incurred on the claims disposed of, less this amount, have been written off against Capital Surplus.
2. These claims were staked by McWatters Gold Mines, Limited under a joint-venture agreement. Pursuant to an agreement with that Company, our interest in the property has been fixed at 17½ %, non-assessable.
3. Eight claims in Clericy Township are held under an option which expires August 14, 1969. If exercised, the option calls for a cash payment of \$15,000.00, plus a 10% interest in a company to be formed to develop the property. Five claims are held under a second option expiring November 15, 1969, on identical terms.
4. Late in 1968, 104 claims in Egan Township, Quebec, north of Maniwaki were staked for the Company, but the Department of National Resources did not complete the processing of reports until January, 1969.

Quebec Manitou Mines Limited

STATEMENT OF SURPLUS STATEMENT 2 For the year ended December 31, 1968

STATEMENT OF EARNED SURPLUS

Balance — January 1, 1968	\$ 47,544.00	
Balance — December 31, 1968		<u>\$ 47,544.00</u>

STATEMENT OF CAPITAL SURPLUS

Balance — January 1, 1968	<u>\$368,659.47</u>	
Balance — December 31, 1968		<u>\$368,659.47</u>

STATEMENT 3

COMPARATIVE STATEMENT OF DEVELOPMENT AND EXPLORATION EXPENSE For the years ended December 31, 1968 and 1967

	December 31, 1968	1967
Balance — January 1	<u>\$401,548.62</u>	<u>354,840.19</u>
EXPLORATION AND DEVELOPMENT:		
Engineering and property reports	9,325.00	4,500.00
Diamond drilling	35,643.18	40,513.34
Licenses and fees	1,404.25	1,197.25
Assays	3,089.50	756.25
Travelling and field costs	7,460.53	1,895.80
Exploration	<u>5,000.00</u>	<u>4,500.00</u>
	61,922.46	53,362.64
ADMINISTRATIVE AND GENERAL:		
Rent, clerical services and supplies	3,789.01	3,469.98
Telephone and telegrams	517.75	531.25
Share certificates	10.77	
Annual meeting expense	818.14	643.06
Government fees	10.00	10.00
Provincial taxes	165.00	228.55
Transfer agents' fees and expenses	1,608.55	1,451.91
Legal and audit	4,132.00	1,936.67
Salary — President	6,000.00	5,600.00
Travelling and Directors' expenses	3,346.83	2,089.41
Directors' fees	800.00	1,500.00
Miscellaneous	492.07	246.20
Business tax	225.44	215.61
Interest and exchange paid	<u>271.60</u>	<u>23.48</u>
	22,187.16	17,946.12
Less:		
Interest earned	25,195.43	24,600.33
	<u>(3,008.27)</u>	<u>(6,654.21)</u>
BALANCE — December 31	<u><u>\$460,462.81</u></u>	<u><u>401,548.62</u></u>

Quebec Manitou Mines Limited

STATEMENT 4

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the years ended December 31, 1968 and 1967

	1968	1967
SOURCE OF FUNDS:		
Interest received	\$ 25,195.43	24,600.33
Recovery of payment on account of surface rights		5,550.00
	<u>25,195.43</u>	<u>30,150.33</u>
DISPOSITION OF FUNDS:		
Exploration and development expense	61,922.46	53,362.64
Administrative and General expense	22,187.16	17,946.12
Settlement of McWatters action		23,005.50
Property option payments	2,000.00	2,000.00
Staking costs deferred	5,031.80	
	<u>91,141.42</u>	<u>96,314.26</u>
REDUCTION IN WORKING CAPITAL	65,945.99	66,163.93
WORKING CAPITAL AT BEGINNING OF PERIOD	596,314.83	662,478.76
WORKING CAPITAL AT END OF PERIOD ..	<u>\$530,368.84</u>	<u>596,314.83</u>

